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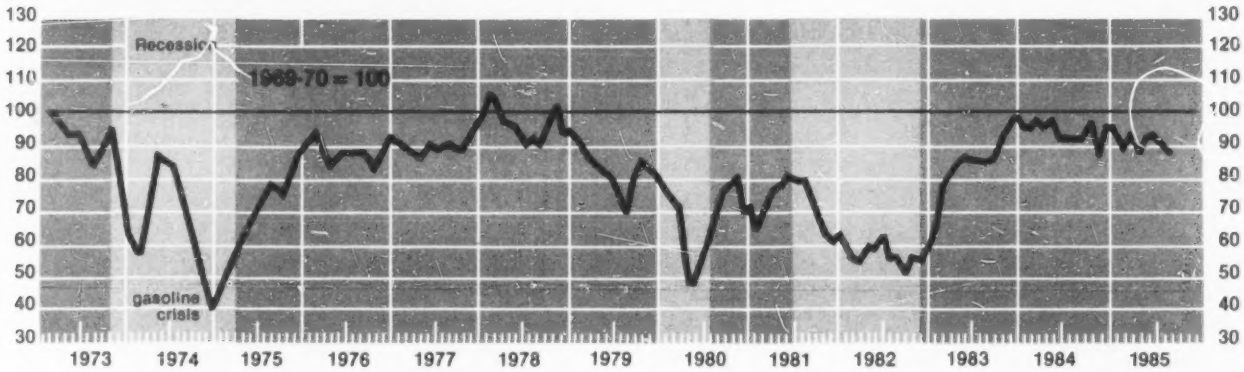
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

October, 1985



CONSUMERS SLIGHTLY LESS OPTIMISTIC

The Conference Board's Index of Consumer Confidence (1969-70 = 100) declined slightly in September to a reading of 87.2, a loss of about 2.5 points for the month. Although this is the second consecutive decrease, the level of confidence is still quite strong.

The consumers' assessment of the ongoing economic situation has not changed very much during the month. Slightly over one-quarter of all those contacted consider present business conditions to be "good," about the same as last time. One-third now complain that jobs are "hard to get," only slightly more than in the previous probe.

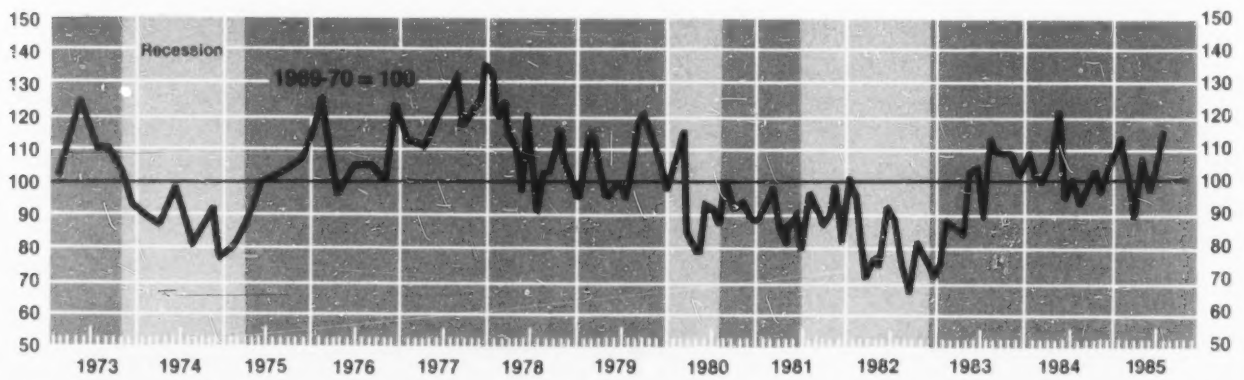
In their expectations for the months ahead, however, consumers are less bullish now than a month earlier. Somewhat fewer people now expect business conditions to improve, and more fear that jobs will grow sparser in the coming months—17.2%, up from 15% in the preceding survey.

Buying plans range from "strong" to "mixed." Just over 10% of all those surveyed indicated an intention to purchase an automobile in the next six months, up from a prior 8.8 percent. Industry promotion programs may have a lot to do with this development. The proportion of those planning to purchase a home remains unchanged at 3.5 percent. However, more persons than last time plan to buy a major appliance in the months ahead, 28.3% of all survey participants, up from 26.5 percent.

Despite minor month-to-month fluctuations, the measure of consumer confidence has remained substantially unchanged—and at a reassuringly high level—for almost a year and a half now. However, most recently there has been increasing uncertainty expressed about the future. In the latest probe, the consumer's expectations for developments over the next six months were less optimistic than previously—not by so much as to suggest trouble ahead, but still by more than can be attributed to statistical noise. Most importantly, while consumers' expectations were down somewhat for the month, they were still at a comfortably high level. Based on the historical record, the recent survey readings suggest the economy will continue to grow through the rest of the year, but not as vigorously as some of the more optimistic forecasters suggest.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1984 Sept.	Oct.	Nov.	Dec.	1985 Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug. (r)	Sep. (p)
					Composite Series: Index Numbers, 1969-1970 = 100								
Consumer Confidence Index	91.0	91.5	96.8	85.9	95.4	95.8	87.8	93.1	87.2	91.5	92.1	89.8	87.2
Present Situation	79.8	76.7	81.0	72.1	83.2	83.2	78.7	85.1	80.4	82.9	82.5	75.7	76.4
Expectations	98.4	101.3	107.3	95.0	103.6	104.1	93.8	98.4	91.7	97.3	98.5	99.2	94.4
Buying Plans Index	93.3	98.5	102.7	96.2	102.3	107.1	113.8	101.4	86.8	107.6	97.7	105.3	115.4
					Appraisal of Present Situation: Percent								
Business Conditions													
Good	28.7	26.9	29.6	25.6	29.4	28.8	28.3	29.5	28.3	29.0	27.8	25.6	26.0
Bad	19.0	19.7	20.1	22.0	19.1	19.6	19.8	18.1	20.3	20.1	19.8	23.9	22.2
Normal	52.3	53.4	50.3	52.4	51.5	51.6	51.9	52.4	51.4	50.9	52.4	50.5	51.8
Employment													
Jobs plentiful	17.7	16.9	19.1	16.5	18.8	19.8	17.7	19.0	19.1	20.3	19.5	18.8	19.0
Jobs not so plentiful	49.3	49.9	47.8	48.5	50.9	49.4	49.1	51.3	48.7	48.2	50.3	50.0	48.0
Jobs hard to get	33.0	33.2	33.1	35.3	30.3	30.8	33.2	29.7	32.2	31.5	30.2	31.2	33.0
					Expectations for Six Months Hence: Percent								
Business Conditions													
Better	23.0	24.3	26.1	20.0	22.0	23.7	19.5	19.7	18.3	20.5	19.9	21.3	19.6
Worse	9.5	8.3	8.6	10.2	7.5	7.5	9.6	8.2	9.1	8.7	7.8	9.1	9.4
Same	67.5	67.4	65.3	69.8	70.5	68.8	70.9	72.1	72.6	70.8	72.3	69.6	71.0
Employment													
More jobs	16.2	18.5	19.2	16.4	17.9	17.2	14.3	15.0	13.4	15.2	15.2	16.6	15.2
Fewer jobs	16.0	16.8	13.7	17.2	14.3	13.7	16.7	15.0	16.9	16.0	15.4	15.0	17.2
Same	67.8	64.7	67.1	66.4	67.8	69.1	69.0	70.0	69.7	68.8	69.4	68.4	67.6
Income													
Increase	27.0	29.1	30.9	26.7	28.9	26.1	26.9	26.2	25.6	27.7	26.7	26.2	26.7
Decrease	7.5	8.6	6.8	7.9	8.2	7.7	7.9	7.2	8.2	7.7	7.7	7.6	8.0
Same	65.5	62.3	62.3	65.4	62.9	66.2	65.2	66.6	66.2	64.6	65.6	66.2	65.3
					Plans to Buy Within Six Months: Percent								
Automobile													
Yes	7.0	7.9	8.5	8.1	8.9	9.2	10.1	7.9	7.2	8.8	7.6	8.8	10.7
New	3.6	4.4	4.9	4.6	4.7	4.8	5.3	4.3	4.0	4.8	5.0	5.0	6.2
Used	2.3	2.8	2.7	2.6	2.8	3.1	3.6	2.9	2.5	3.1	2.4	3.0	3.3
Uncertain	1.1	0.7	0.9	0.9	1.4	1.3	1.2	0.7	0.7	0.9	0.2	0.8	1.2
Home													
Yes	3.4	3.3	3.1	2.9	3.2	3.1	3.6	3.7	3.1	3.5	3.3	3.5	3.5
New	1.1	1.1	1.0	1.2	0.8	0.9	0.8	0.9	0.9	1.1	1.3	0.9	1.1
Lived in	1.6	1.4	1.3	1.2	1.5	1.4	1.6	2.0	1.4	1.6	1.3	1.5	1.5
Uncertain	0.7	0.8	0.8	0.5	0.9	0.8	1.2	0.8	0.8	0.8	0.7	1.1	0.9
Major appliances													
Total plans	25.8	27.2	29.5	27.8	27.1	29.5	28.7	25.9	22.7	29.5	28.4	26.5	28.3
Refrigerator	4.1	3.5	4.5	4.2	3.5	3.8	3.9	3.7	3.2	4.7	4.9	3.7	3.6
Washing machine	3.3	3.3	3.9	3.9	3.7	3.6	3.9	4.3	2.9	3.8	3.6	3.9	4.1
Black and white TV	0.7	0.5	1.0	0.7	0.7	0.6	0.8	0.4	0.4	0.5	0.9	0.7	0.5
Color TV	7.0	7.5	7.8	7.0	7.3	8.1	7.6	7.0	6.4	8.4	7.2	7.0	8.0
Vacuum Cleaner	4.1	5.2	4.7	5.0	5.1	5.3	4.5	4.0	3.3	4.8	4.2	4.0	4.7
Range	2.9	2.3	2.9	2.5	2.3	2.9	2.6	2.0	2.3	2.8	2.9	3.1	2.6
Clothes dryer	2.5	3.4	3.2	2.9	3.2	3.4	3.2	3.0	2.6	3.0	3.3	2.7	3.6
Air conditioner	1.2	1.5	1.5	1.6	1.3	1.8	2.2	1.5	1.6	1.5	1.4	1.4	1.2
Carpet	6.3	6.9	7.4	7.0	5.8	7.8	7.0	7.1	5.9	7.5	7.2	7.4	7.1
					Vacation Intended Within Six Months: Percent								
Vacation Intended		48.5		45.1		48.9		48.9		50.3		48.7	
Destination													
Home state		10.5		7.2		9.6		9.3		9.7		9.4	
Other state		33.6		31.6		33.7		33.8		35.2		34.0	
Foreign country		6.3		6.8		7.1		8.2		6.9		7.1	
Means of Travel													
Automobile		30.3		26.5		29.6		30.1		32.1		29.9	
Airplane		17.3		17.9		19.3		20.0		19.4		19.1	
Other		3.5		3.7		4.6		5.7		4.3		4.1	

(p)—preliminary (r)—revised

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters at (212) 759-0900.